

CITY OF ALAMEDA

Memorandum

To: Honorable Mayor and
Members of the City Council

From: Lisa Goldman
Acting City Manager

Date: May 17, 2011

Re: Accept the Quarterly Sales Tax Report for the Period Ending
December 31, 2010

BACKGROUND

This report summarizes the sales tax transactions for the period October 1 through December 31, 2010, which is the basis for sales tax revenues received by the City between January 1, 2011 and March 31, 2011. For purposes of this report, sales tax revenues exclude Proposition 172 funds, the allocation from the statewide pool for public safety services.

DISCUSSION

Sales tax continues to be the fourth largest source of General Fund revenue for the City of Alameda, representing approximately 7% of total projected revenues for FY10-11. Taxable sales transactions in Alameda increased approximately 7%, or \$95,000, from the same quarter in the prior fiscal year. This increase is shown on the tables on the following page, which reflect sales by economic category and by geographic area.

The top 25 businesses in Alameda represent approximately 52%, or \$869,000, of the quarter's sales transactions. The top 100 businesses represent approximately 77%, or \$1.275 million, of the quarter's sales transactions.

A historical comparison of per capita sales between Alameda and other cities in Alameda County for the past thirteen quarters is shown in Exhibit 1. Additional exhibits have been included in this report that summarize the history of sales tax for the City's major industry groups (Exhibit 2), and a per capital sales tax surplus/gap analysis showing potential sales lost to other communities (Exhibit 3).

The following is a summary of the key economic categories of sales tax, in comparison with the same quarter of the prior fiscal year:

Economic Category	4th Quarter 2010			
	Total	Percent of Total	Dollar Change	Percent Change
Transportation & Fuel	\$242,237	16%	\$31,125	15%
Food & Drugs	\$233,171	15%	\$2,128	1%
General Consumer Goods	\$301,999	20%	\$32,818	12%
Business & Industry	\$455,413	29%	(\$937)	0%
Restaurants & Hotels	\$252,122	16%	\$21,839	9%
Building & Construction	\$57,405	4%	\$8,407	17%
Total - Quarter	\$1,542,347	100%	\$95,380	7%

Building and construction increased due to an increase in sales of hardware and building supplies. The increase in transportation and fuel reflects increases in gasoline prices and sales at boat and motorcycle dealers. Business and industry declined primarily due to decreases in the medical/biotech area.

The following is a summary of the geographic generation of sales tax, in comparison with the same quarter of the prior fiscal year:

Geographic Areas	4th Quarter 2010			
	Total	Percent of Total	Dollar Change	Percent Change
Park – North of Lincoln	\$141,652	9%	25,022	21%
Park – South of Lincoln	166,495	11%	17,888	12%
Webster – North of Lincoln	89,764	6%	9,009	11%
Webster – South of Lincoln	30,737	2%	(1,479)	-5%
Bridgeside Center	62,842	4%	2,961	5%
Alameda Towne Centre	359,196	23%	54,732	18%
Marina Village Shopping Center	42,434	3%	4,999	13%
Harbor Bay Landing	47,892	3%	36	0%
Marina Village Business Park	37,075	3%	(360)	-1%
Harbor Bay Business Park	(72,007)	-5%	(204,718)	-154%
All Other Areas *	636,267	41%	187,290	42%
Total - Quarter	\$1,542,347	100%	95,380	7%

*Includes monies received from the State and County sales tax pool

Increases were noted in the Alameda Towne Centre, and Park Street North and South of Lincoln areas, due to increased transportation and fuel and restaurant sales. Decreases were noted in the Harbor Bay Business Park and Webster South of Lincoln areas, resulting from a decline in restaurant sales and prior period adjustments.

FINANCIAL IMPACT

As of March 31, 2011, fiscal year sales tax revenues were approximately \$3.3 million, or 65%, of the \$5.1 million budgeted for FY10-11, which is substantially the same as the amount received through the same quarter in FY 09-10.

RECOMMENDATION

Accept the Quarterly Sales Tax Report for the period ending December 31, 2010.

Respectfully submitted and approved as to funds and account,



Fred Marsh
Controller

Exhibits:

- 1 – All Business Types – 13 Quarter History (adjusted basis)
- 2 – Major Industry Groups
- 3 – Per Capita Sales Tax Surplus / Gap Analysis

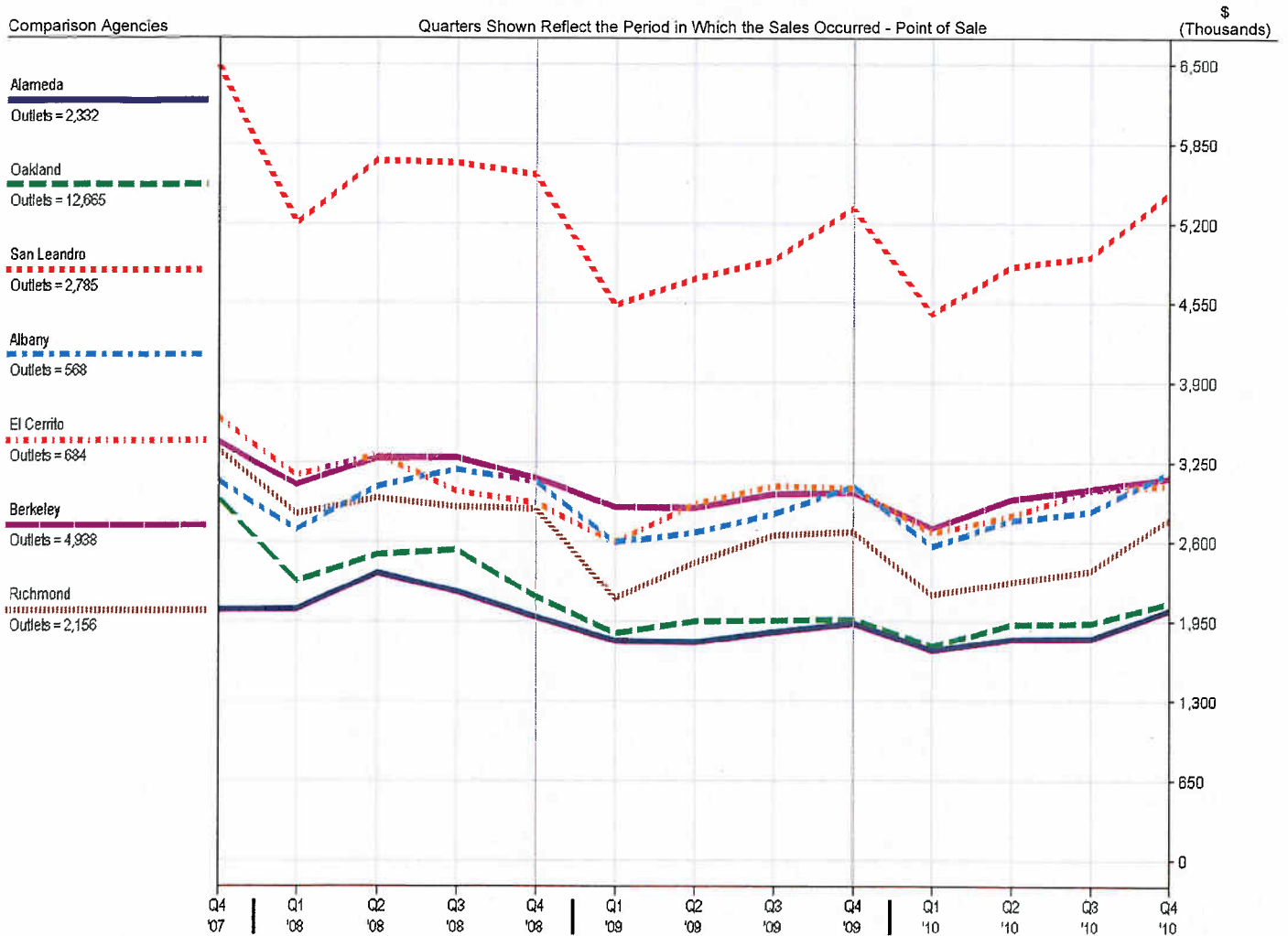
cc: Rob Ratto, PSBA
Harry Hartman, GABA
Judi Friedman, WABA
Renee Kellogg, Alameda Chamber of Commerce



CITY OF ALAMEDA ALL BUSINESS TYPES - 13 QUARTER HISTORY

Adjusted by moving retroactive payments with an absolute value of \$5,000 or more into the quarter the sale was generated

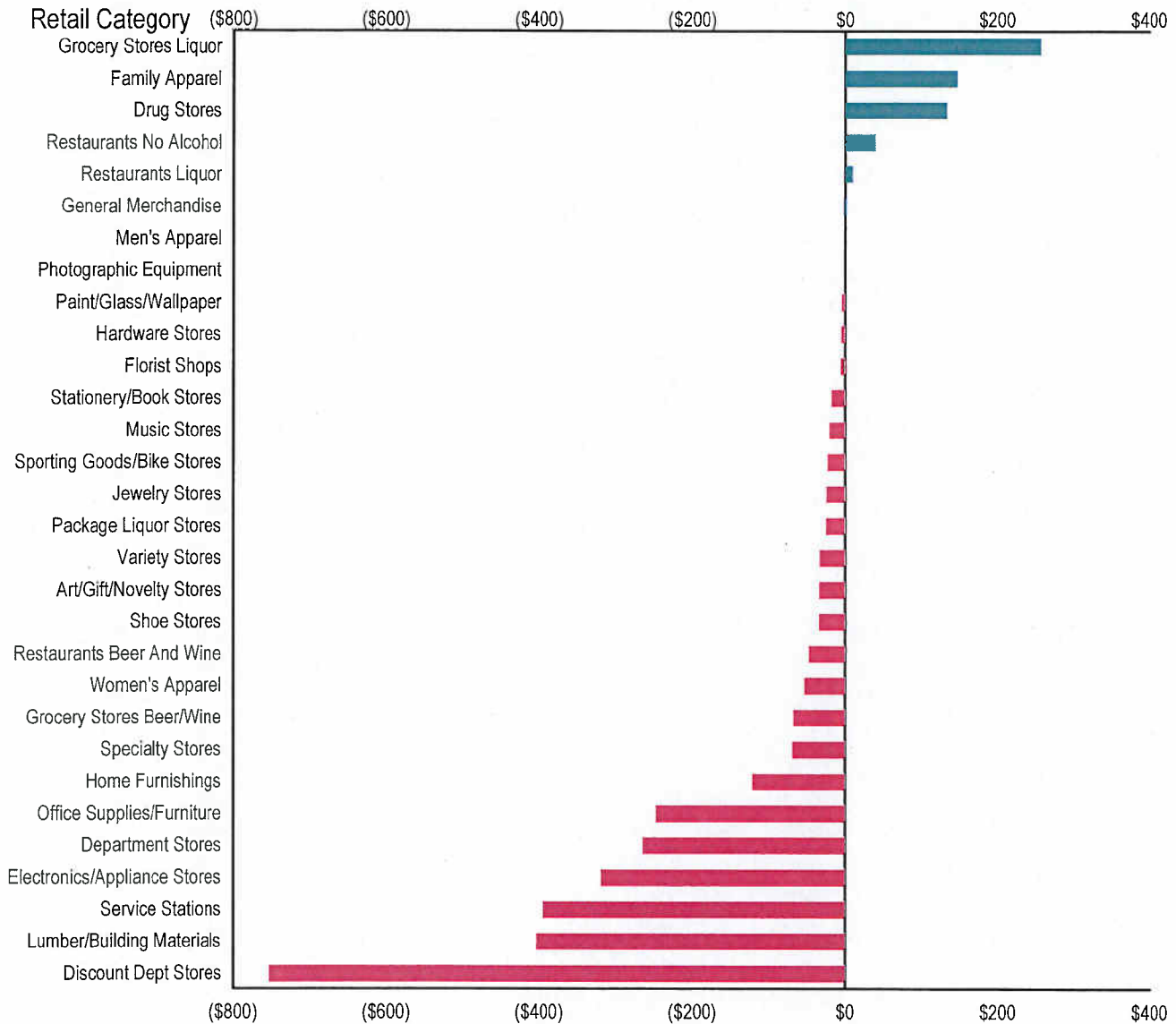
Chart Description: This chart compares **per capita** sales to that of other jurisdictions. The prior 12 quarters are shown graphically for historical reference purposes. **Allocations have been adjusted to reflect economic data.**





CITY OF ALAMEDA

PER CAPITA SALES TAX SURPLUS/GAP ANALYSIS - 4 QUARTERS ENDING 4TH QUARTER 2010



The above graph compares **per capita** sales tax generated from targeted retail categories against countywide averages. A **retail surplus** suggests the community is capturing its local market for that category of goods plus attracting shoppers from outside the jurisdiction. A **retail gap** suggests the possibility that residents may have a greater demand for products in the specific category than is being satisfied by local businesses. The information is provided only as a **starting point** in identifying potential sources of sales tax loss and should not automatically be interpreted as an expansion or leveraging opportunity without more detailed analysis and assessment.

CITY OF ALAMEDA

PER CAPITA SALES TAX SURPLUS/GAP ANALYSIS - 4 QUARTERS ENDING 4TH QUARTER 2010

Retail Category	Per Cap Sales Capture (+) or Gap (-)	Sales Tax Deviation	Typical Sales Per Sq Ft by Retail Type	Approx Sq Ft to Close Gap
Grocery Stores Liquor	\$257	\$193,613	\$110	n/a
Family Apparel	148	111,477	375	n/a
Drug Stores	135	101,485	350	n/a
Restaurants No Alcohol	41	30,541	650	n/a
Restaurants Liquor	10	7,843	575	n/a
General Merchandise	2	1,674	100	n/a
Men's Apparel	0	143	225	n/a
Photographic Equipment	0	(68)	Insufficient data	Insufficient data
Paint/Glass/Wallpaper	(3)	(2,519)	250	1,000
Hardware Stores	(4)	(3,107)	225	1,000
Florist Shops	(5)	(3,559)	150	2,000
Stationery/Book Stores	(17)	(12,495)	200	6,000
Music Stores	(19)	(14,599)	200	7,000
Sporting Goods/Bike Stores	(22)	(16,432)	225	7,000
Jewelry Stores	(23)	(17,683)	500	4,000
Package Liquor Stores	(24)	(17,834)	Insufficient data	Insufficient data
Variety Stores	(33)	(25,036)	100	25,000
Art/Gift/Novelty Stores	(33)	(25,111)	150	17,000
Shoe Stores	(34)	(25,556)	200	13,000
Restaurants Beer And Wine	(47)	(35,171)	575	6,000
Women's Apparel	(53)	(40,027)	375	11,000
Grocery Stores Beer/Wine	(67)	(50,615)	175	29,000
Specialty Stores	(69)	(51,663)	175	30,000
Home Furnishings	(122)	(91,667)	175	52,000
Office Supplies/Furniture	(247)	(186,411)	225	83,000
Department Stores	(265)	(199,608)	175	114,000
Electronics/Appliance Stores	(319)	(240,600)	500	48,000
Service Stations	(395)	(297,707)	n/a	n/a
Lumber/Building Materials	(404)	(304,373)	300	101,000
Discount Dept Stores	(752)	(566,849)	475	119,000

Average sales per square foot are based on HdL's overview of average statewide chain store sales. The square footage needed to close the gap is only on approximation and specific demand will vary with regional and local market conditions and individual retailers.



CITY OF ALAMEDA MAJOR INDUSTRY GROUPS - 13 QUARTER HISTORY

Adjusted by moving retroactive payments with an absolute value of \$5,000 or more into the quarter the sale was generated

Chart Description: This chart compares sales tax for the Major Industry Groups. The prior 12 quarters are shown graphically for historical reference purposes. **Allocations have been adjusted to reflect economic data.**

